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STATISTICAL BULLETIN

Highlights

- CONSUMER DEMAND APPEARS TO BE WEAKENING
- WHILE HOME BUYING REMAINS FLAT
- AND CONSUMER CONFIDENCE IS DECLINING
- INVESTMENT MAY ALSO BE WEAKENING
- ALONG WITH INDUSTRIAL OUTPUT AND LABOR DEMAND
- BUT NEW ORDERS FOR DURABLE GOODS REMAIN STRONG
- OUTLOOK • SLOWER GROWTH IN 1988 BUT NO RECESSION

Volume 21, No. 1, January, 1988.

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The Conference Board

THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: Although the current pace of activity remains fairly strong, prospects for U.S. economic growth are sharply lower at the beginning of 1988 than one year ago. And that does not simply reflect the fact that the economic expansion is another year older. Compared to a year ago, interest rates, despite some declines in late 1987, are generally higher. And this is likely to affect such sectors as car and home buying, both of which were lower going into 1988 than one year ago. Another important factor is the uncertainty introduced by the stock market crash of October 1987. Its aftershocks have not been fully sorted out and the possibility of further turbulence clouds the financial environment. If the U.S. government decides to hold the line on the dollar, interest rates could go even higher.

Federal budget cuts also put a damper on economic growth in 1988, by limiting fiscal stimulus. Slower growth will reduce inflationary pressures generated by the falling dollar's upward push on import prices. On the trade front, the dollar's decline is spurring U.S. exports but the bloated trade deficit remains problematic.

DOMESTIC MARKET MONITOR

While the labor force report for December was quite positive, it compared unfavorably with the prior few months. Job gains remained impressive but labor force growth slowed, hours worked declined, and hourly pay increases slowed. There was also some indication that employers have begun to cut back on help-wanted advertising.

Even some of the good news on the labor front is mixed. In December, job gains in goods' production was stronger than in services. If falling consumer and business confidence lead to less growth in consumer buying and business investment, hiring by goods' producers will slow.

One sign of a shift in business attitudes is the drop in labor demand. The Conference Board's **Help-wanted Index** fell to 160 (1967 = 100) in November, from 163 in October. Moreover, early returns to the December survey indicate that this measure of labor demand continued to drop. Earlier concerns about labor shortages appear assuaged, at least for now.

INCOME: Through November, income gains were strong as the workweek lengthened, more workers were hired, and hourly pay rose. Wages in commodity-producing industry were 2.1% higher in November than three months earlier. Wages in "other" industry were 1.9% higher. After rising sharply, hourly pay dipped in December: The average rate in private industry fell to $9.13 in November. With the drop in the workweek and in hourly pay in December, the rising trend in wage income has probably ended.

After a modest uptick in September and October, consumer credit demand turned quite sluggish in November—partly the result of the slow pace of auto sales, and therefore of auto loans. The rise in revolving credit also slowed sharply. The combination of income gains and modest increases in credit resulted in a drop in the ratio of **Consumer Installment Debt Expansion to Personal Income**. With the exception of a small rise in September and October, consumer indebtedness was flat to declining for much of 1987.

Consumer attitudes appear to be in a holding pattern. The Conference Board's **Consumer Confidence Index** was at a high of 115.1 (1985 = 100) in October, at the time of the stock market crash. It then fell to 100.8 in November but recovered in December to 105.8, which was close to its August level. These readings suggest that confidence was shaken but not completely undermined.

SPENDING: Even before the fall-off in consumer confidence, consumer buying was quite sluggish, despite reasonably strong gains in income. Retail sales, except cars, inched up 0.4% in November, after declining in September and October. Now, confidence has fallen and the rise in income has slowed, suggesting a slowdown in the pace of activity.

New domestic **Automobile Sales** were lackluster in October and November, but picked up a bit in December. Foreign model sales did not fare any better. Over the short term, with consumer confidence in a holding pattern and income gains slowing, prospects for stronger auto sales appear limited.

CONSTRUCTION: While the demand for cars and other consumer goods is beginning to weaken, home buying has been flat to declining for the last seven months. New single-family home sales were only 2.3% higher in November than in May 1987. But that also suggests that home buying is not in a free fall. As long as sales remain poor, however, the prospects for home building will be limited.

New single-unit housing starts remained level in November, while permits for new construction continued to fall. Multiple-unit starts were a little stronger in recent months, but permits to build stagnated.

Nonresidential construction was also weak through much of 1987 but began to recover late in the year. Industrial building was 11.3% higher in November than

Ken Goldstein, Editor

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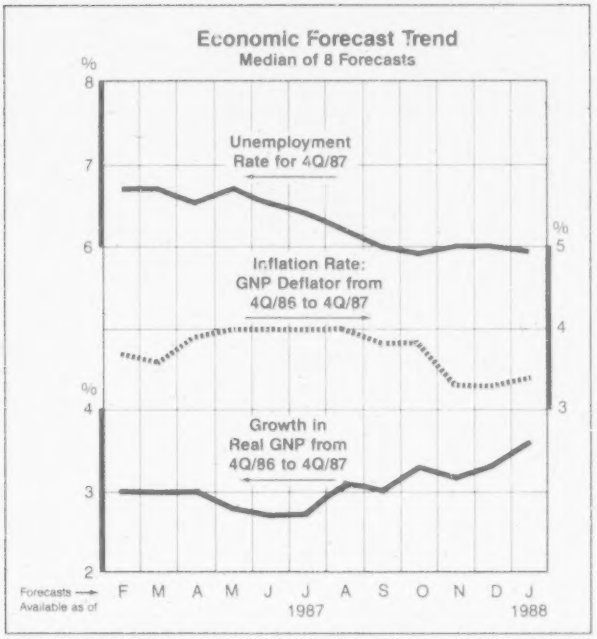


three months earlier. Office and commercial building also rebounded, albeit at a more modest pact. Public building remains sluggish, but work on roads and other infrastructure has recovered strongly from declines earlier this year.

PRODUCTION: The rise industrial output is still vigorous but has become narrowly concentrated. While total industrial output was 1% higher in November than three months earlier, total output of finished consumer goods was flat and defense and space goods were up by only 0.3 percent. Business equipment, in contrast, was 2.7% higher. With hours worked declining in December, total production probably fell that month.

Any slowing in industrial output may be limited. New orders remain strong, particularly in the primary-processing stage: Orders for primary metals were 11.7% higher in November than three months earlier. Machinery orders were up by only 0.8 percent. Orders for all durable goods, except defense-related, were 3.6% higher.

INVENTORY: Another reason why any slowdown in industrial output may be limited is inventory thinning. Inventories, except cars at the retail level, were 1.4% higher in October than three months earlier. And industrial sales were 2.4% higher. That means the Inventory-to-Sales ratio has dropped a bit in recent months. With the rate of new orders picking up, there is some pressure to continue restocking inventory.

INFLATION: There is little evidence to suggest that price increases are beginning to quicken. Raw industrial prices fell in November and December and farm prices, generally flat from July through November, dropped in December.

Prices at the wholesale level also remain flat to declining. In November, raw food prices fell for the sixth straight month; raw energy prices fell for the eighth month. Prices of finished goods were basically unchanged in three of the last four months. The consensus of the **Economic Forecasts** is that consumer prices rose at a 4% annual rate in the fourth quarter of 1987 and may accelerate to about 4.6% by the fourth quarter of 1988.

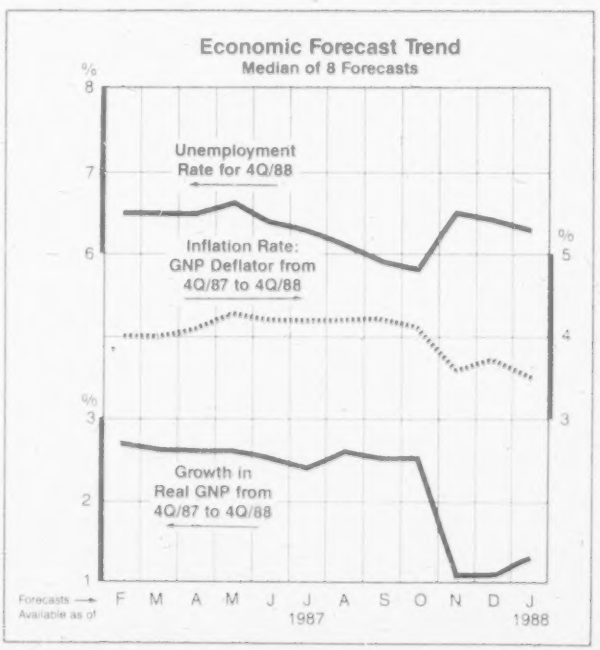
INTERNATIONAL MONITOR

After some declines in August and September, total imports surged in October. Altogether, imports were 5.1% higher in october than three months earlier. Imports of manufactured goods were 5.7% higher. Predictably, the news of the import surge sent the financial markets reeling.

The bad news on the import side deflected attention from a strong showing on the export side. Total exports were 3.5% higher in October than three months earier. Exports of manufactured goods were 4% higher.

Import prices rose a little faster than U.S. consumer prices in the third quarter. Conversely, export prices increased a bit slower than prices on products made and sold domestically. With the dollar continuing to depreciate, these data suggest that U.S. products are recovering some price advantage at home and becoming more price competitive abroad.

The **Economic Forecasts** continue to reflect a slower growth rate for the United States next year. If the U.S. economy is growing more slowly than that of its major competitors, the overall trade balance should benefit. That might also take some steam out of the push for trade restrictions in this presidential election year.

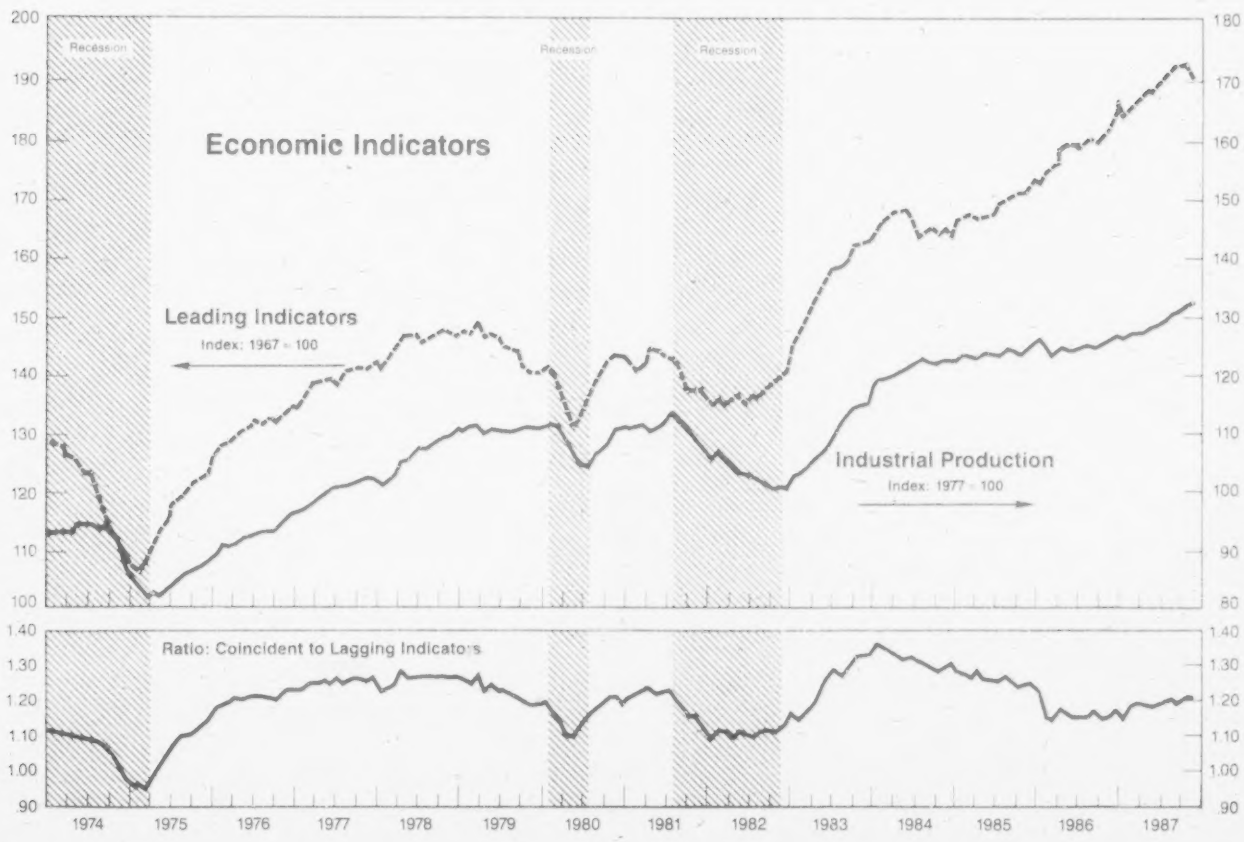


STATUS OF LEADING ECONOMIC INDICATORS

		Rising	Level	Declining	Change over Latest Three Months	Change from Year-Ago
		(Classification based on movement of series over several months)				
Leading Economic Indicators	Nov.		X		- 1.3%	4.1%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Nov.		X		- 1.1%	7.9%
New orders, nondefense capital goods (deflated)	Nov.		X		0.9%	9.9%
*New business formation	Nov.	X			1.3%	3.6%
*Housing permits	Nov.			X	- 2.3%	-11.9%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Nov.	X			2.7%	8.2%
*Change in inventory, on hand & order (deflated)	Oct.		X		-15.3%	31.9%
Purchasing agents' buying policy	Dec.	X			7.0%	3.0%
*Vendor performance, reported slower deliveries	Nov.		X		6.0%	10.0%
Industrial raw materials prices	Dec.		X		- 0.2%	17.9%
*Change in sensitive material prices	Nov.			X	- 0.4%	0.2%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Nov.		X		0.2%	- 0.3%
Change in business loans	Nov.		X		21.0%	-24.8%
*Change in credit outstanding	Oct.	X			11.1%	3.5%
Change in consumer installment debt	Oct.		X		4.6%	-22.2%
Profitability						
Total corporate profits, after tax (deflated)	3rd Q	X			5.2%	6.1%
*Common stock prices	Dec.			X	-23.6%	- 2.1%
Marginal Employment Adjustments						
*Average workweek, mfg.	Nov.		X		0.2hr	0.4hr
*Initial unemployment claims (inverted)	Nov.		X		1.3%	14.3%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.



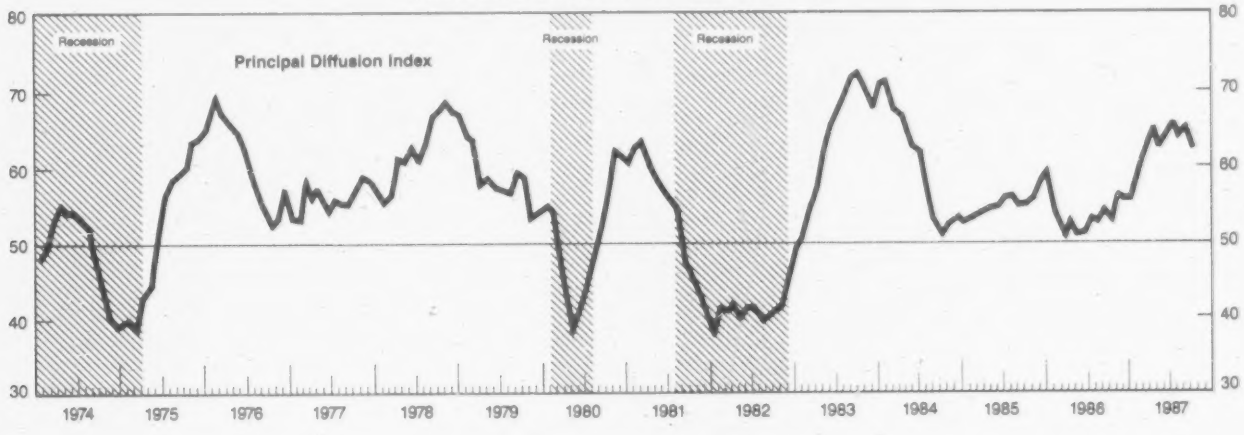
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1986 Nov.	1987 Aug	Sep.	Oct.	Nov.(e)
Principal Diffusion Index	56.4	65.4r	66.3r	65.2r	61.2
Auxillary Diffusion Index	62.2	48.0	53.0r	46.3r	37.0
Industrial Group	56.0	64.7r	64.4r	65.4r	63.1
Nonindustrial Group	56.9	66.0	68.2	64.9	59.2
Sense of Diffusion	1	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	59.2	75.6	70.1r	69.7r	74.4
Labor	50.8	59.2r	59.4r	62.4r	59.1
Miscellaneous	43.6	62.2	68.6	66.7	56.4
Nonindustrial Subgroups					
Prices	66.7	86.5	81.4	76.3	63.5
Consumer	65.4	76.5	75.6	70.1	64.5
Building	35.9	46.2	54.5	46.8	46.8
Miscellaneous	56.0	55.1	61.1	64.1	59.2

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board s Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



BUSINESS EXECUTIVES' EXPECTATIONS

	1985 Feb.	May	Aug.	Nov.	1986 Feb.	May	Aug.	Nov.	1987 Feb.	May	Aug.	Nov.
	Score (scale 0-100)											
Measure of Business Confidence	61	52	51	55	61	61	50	51	55	55	59	47
1. Appraisal of Current Economic Conditions Compared With Six Months Ago	62	48	45	53	63	61	44	50	56	55	62	50
2. Expectations for Economy, Six Months Ahead	61	53	53	56	62	62	52	51	54	53	56	43
3. Expectations for Own Industry, Six Months Ahead	61	55	54	56	59	60	54	53	56	56	58	48

The Measure of Business Confidence is the average of the scores for the three primary questions in the survey. Respondents have five reply options for each question; a score for each question is determined by assigning the following values to the replies and calculating the average value of the replies to the question: Substantially Better—100; Moderately Better—75; Same—50; Moderately Worse—25; Substantially Worse—0. The score for each question,and the overall Measure of Business Confidence, thus can range from 0 to 100.

CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

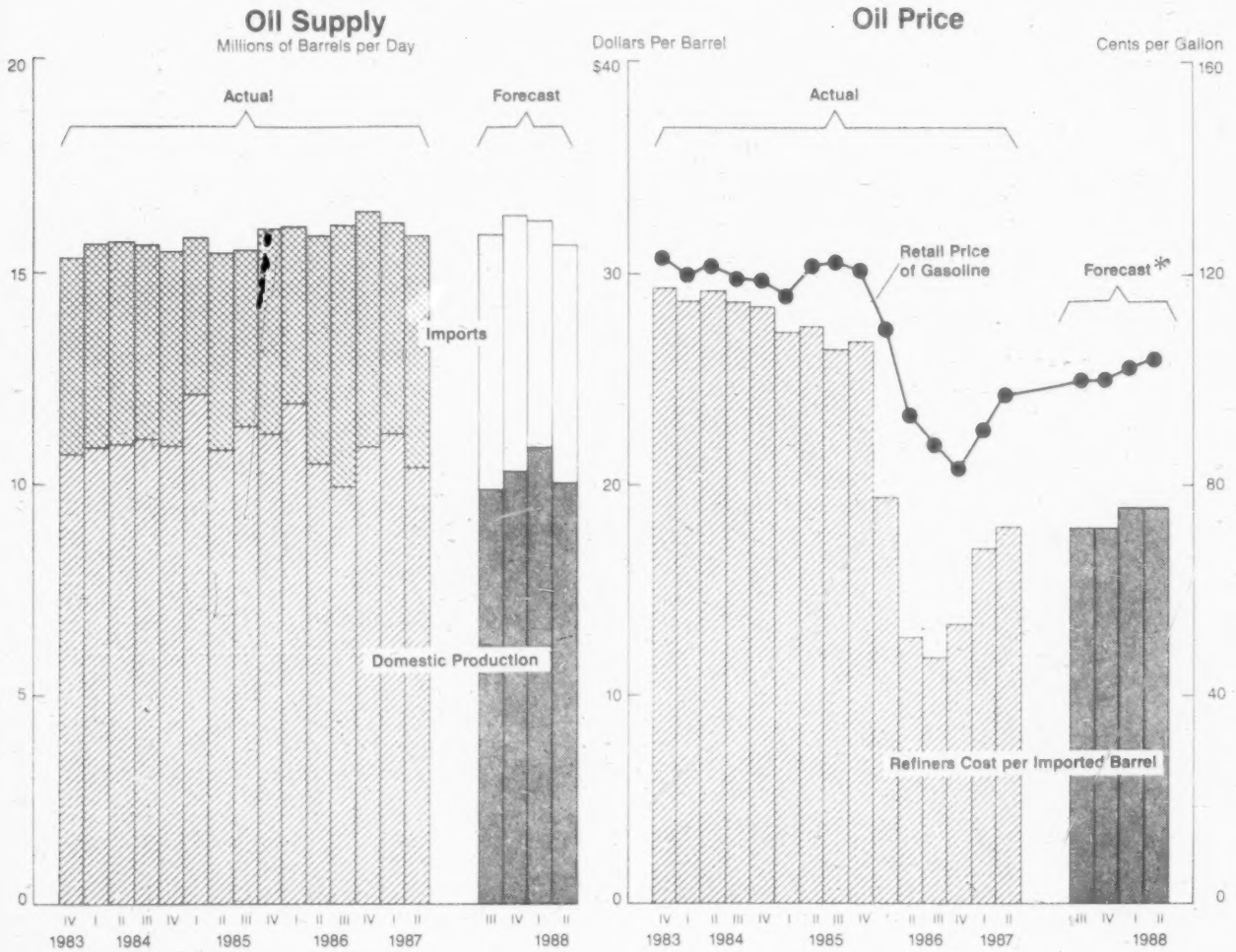
Billions of Dollars, Seasonally Adjusted

	1986					
	II	III	IVr	Ir	IIr	IIIp
1000 LARGEST MANUFACTURING FIRMS						
New appropriations	19.991	20.203	22.097	21.441	32.257	30.872
Capital expenditures	24.309	22.452	23.299	20.801	25.933	25.817
Change in appropriations backlog*	-6.447	-5.060	-10.990	-0.550	+5.460	+2.770
Durable Goods						
New appropriations	9.578	10.051	10.807	9.746	16.515	16.496
Capital expenditures	11.880	12.186	12.915	11.124	14.006	13.948
Change in appropriations backlog*	-3.824	-3.986	-4.140	-2.070	+2.310	+1.930
Nondurable Goods						
New appropriations	10.413	10.152	11.290	11.695	15.742	14.376
Capital expenditures	12.429	10.266	10.384	9.677	11.927	11.869
Change in appropriations backlog*	-2.623	-1.074	-6.850	+1.520	+3.160	+0.840
ELECTRIC & GAS UTILITIES						
New appropriations	5.544	5.530	5.491	6.513	5.627	
Capital expenditures	7.702	7.535	6.080	7.649	7.059	
Change in appropriations backlog*	-3.840	-2.105	-1.005	-0.820	-1.700	

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

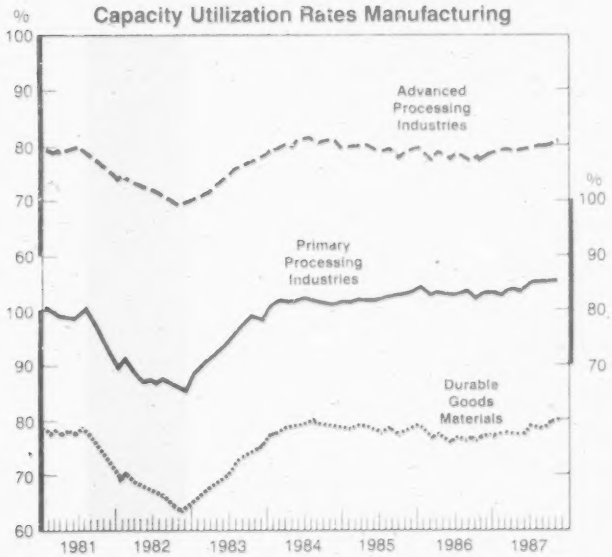
r—revised p—preliminary

* Change in Backlog = New Appropriations – (Expenditures + Cancellations and Other Adjustments).



* Source of Forecast is The Energy Information Administration, Department of Energy

Key Determinants of Profit Margin



ECONOMIC FORECASTS

			U.C.L.A.[1] Business Forecasting Project		Merrill Lynch[1] Economics Inc.		E.I. duPont[1] de Nemours & Co.		Georgia State University[1]	
Date of Forecast			*Dec., 1987*		*Dec., 1987*		*Dec., 1987*		*Dec., 1987*	
			Level	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*	*Level*	*Percent Change*
Gross National Product Billions of Current Dollars										
Actual	**1987**	**III**	**$4524.0**	**7.3%**	**$4524.0**	**7.3%**	**$4524.0**	**7.3%**	**$4524.0**	**5.1%**
Forecast		IV	4548.1	2.1	4602.8	7.2	4619.9	8.8	4592.0	8.1
	1988	I	4507.3	-3.5	4638.2	3.1	4694.3	6.6	4655.4	5.6
		II	4502.1	-0.5	4700.2	5.5	4752.1	5.0	4724.4	6.1
		III	4537.7	3.2	4775.4	6.6	4805.1	4.5	4782.5	5.0
		IV	4581.6	3.9	4857.4	7.0	4845.4	3.4	4827.4	3.8
	1989	I	4683.2	9.2	4951.2	8.0	4900.8	4.7	4873.9	3.9
		II	4792.1	9.6	5009.5	4.8	4991.8	7.6	4957.6	7.0
		III	4921.4	11.2	5059.0	4.0	5079.9	7.2	5062.6	8.7
		IV	5051.1	11.0	5167.1	8.8	5174.0	7.6	5158.8	7.8
	1987	Annual	4473.7	5.6	4487.4	6.0	4491.7	6.1	4484.7	5.9
	1988	Annual	4532.2	1.3	4742.8	5.7	4774.2	6.3	4747.4	5.9
	1989	Annual	4862.0	7.3	5046.7	6.4	5036.6	5.5	5013.2	5.6
Gross National Product Billions of Constant (1982) Dollars										
Actual	**1987**	**III**	**$3835.9**	**4.3%**	**$3835.9**	**4.3%**	**$3835.9**	**4.3%**	**$3835.9**	**4.3%**
Forecast		IV	3833.7	-0.2	3866.5	3.2	3866.0	3.2	3865.3	3.1
	1988	I	3772.7	-6.2	3859.9	-0.7	3886.0	2.1	3889.2	2.5
		II	3746.0	-2.8	3869.5	1.0	3892.0	0.6	3914.2	2.6
		III	3751.0	0.5	3886.4	1.8	3897.0	0.5	3920.1	0.6
		IV	3765.1	1.5	3905.3	2.0	3900.0	0.3	3915.2	-0.5
	1989	I	3822.6	6.3	3925.4	2.1	3915.0	1.5	3908.3	-0.7
		II	3883.4	6.5	3918.4	-0.7	3943.0	2.9	3931.5	2.4
		III	3956.1	7.7	3903.3	-1.5	3978.0	3.6	3976.9	4.7
		IV	4027.2	7.4	3933.0	3.1	4014.0	3.7	4020.9	4.5
	1987	Annual	3809.3	2.6	3817.5	2.8	3817.3	2.8	3817.2	2.8
	1988	Annual	3758.7	-1.3	3880.3	1.6	3893.8	2.0	3909.8	2.4
	1989	Annual	3922.3	4.4	3920.0	1.0	3962.5	1.8	3959.4	1.3
Gross National Product deflator Index, 1982 = 100										
Actual	**1987**	**III**	**117.9**	**2.2%**	**117.9**	**2.2%**	**117.9**	**2.2%**	**117.9**	**2.2%**
Forecast		IV	118.6	2.4	119.0	3.8	119.5	5.4	118.8	3.0
	1988	I	119.7	3.6	120.2	3.8	120.8	4.4	119.7	3.1
		II	120.2	1.6	121.5	4.4	122.1	4.4	120.7	3.4
		III	121.0	2.7	122.7	4.7	123.3	4.0	122.0	4.4
		IV	121.7	2.4	124.4	5.0	124.2	3.1	123.3	4.3
	1989	I	122.5	2.7	126.1	5.8	125.2	3.1	124.7	4.6
		II	123.4	2.9	127.8	5.5	126.6	4.6	126.1	4.5
		III	124.4	3.3	129.6	5.6	127.7	3.5	127.3	3.9
		IV	125.4	3.3	131.4	5.6	128.9	3.8	128.3	3.2
	1987	Annual	117.4	3.0	117.5	3.1	117.7	3.2	117.5	3.0
	1988	Annual	120.6	2.7	122.2	4.0	122.6	4.2	121.4	3.4
	1989	Annual	123.9	2.7	128.7	5.3	127.1	3.7	126.6	4.3
Unemployment Rate										
Actual	**1987**	**III**		**6.0%**		**6.0%**		**6.0%**		**6.0%**
Forecast		IV		5.9		5.9		6.0		5.9
	1988	I		6.6		6.2		6.2		6.0
		II		7.1		6.2		6.3		6.1
		III		7.5		6.2		6.4		6.2
		IV		7.7		6.2		6.6		6.3
	1989	I		7.6		6.1		6.6		6.6
		II		7.2		6.3		6.5		6.6
		III		6.8		6.4		6.4		6.5
		IV		6.3		6.3		6.3		6.4
	1987	Annual		6.2		6.2		6.2		6.2
	1988	Annual		7.2		6.2		6.4		6.2
	1989	Annual		6.9		6.3		6.5		6.5

[1]Based on revised (2nd revised) third quarter data.

ECONOMIC FORECASTS (continued)

The Conference Board[1]		Laurence H. Meyer Associates, Inc.[1]		Data Resources Inc.[1]		Wharton E.F.A. Inc.[1]				
Dec., 1987		Dec., 1987		Dec., 1987		Dec., 1987		Date of Forecast		
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
								Gross National Product Billions of Current Dollars		
$4524.0	**7.3%**	**$4524.0**	**7.3%**	**$4524.0**	**7.3%**	**$4524.0**	**7.3%**	**III**	**1987**	**Actual**
4586.0	5.6	4596.0	6.5	4589.9	6.0	4587.9	5.8	IV		Forecast
4644.0	5.2	4630.0	3.0	4624.3	3.0	4654.8	6.0	I	1988	
4692.0	4.2	4679.3	4.3	4668.4	3.9	4711.1	4.9	II		
4722.0	2.6	4759.1	7.0	4733.9	5.7	4778.6	5.9	III		
4789.0	5.8	4834.1	6.5	4805.0	6.1	4852.4	6.3	IV		
4856.0	5.7	4926.2	7.8	4900.8	8.2	4935.2	7.0	I	1989	
4935.0	6.7	5011.2	7.1	4992.7	7.7	5007.4	6.0	II		
5008.0	6.0	5106.9	7.9	5088.1	7.9	5084.5	6.3	III		
5082.0	6.0	5194.5	7.0	5187.1	8.0	5157.6	5.9	IV		
4483.2	5.9	4485.7	5.9	4484.2	5.9	4483.7	5.9	Annual	1987	
4711.8	5.1	4725.6	5.3	4707.9	5.0	4749.2	5.9	Annual	1988	
4970.3	5.5	5059.7	7.1	5042.2	7.1	5046.2	6.3	Annual	1989	
								Gross National Product Billions of Constant (1982) Dollars		
$3835.9	**4.3%**	**$3835.9**	**4.3%**	**$3835.9**	**4.3%**	**$3835.9**	**4.3%**	**III**	**1987**	**Actual**
3870.0	3.6	3864.0	3.0	3859.6	2.5	3864.1	3.0	IV		Forecast
3889.4	2.0	3865.3	0.1	3863.0	0.4	3878.2	1.5	I	1988	
3897.2	0.8	3877.4	1.3	3871.8	0.9	3892.9	1.5	II		
3889.4	-0.8	3911.9	3.6	3893.4	2.3	3912.1	2.0	III		
3912.5	2.4	3937.5	2.6	3919.7	2.7	3939.2	2.8	IV		
3931.9	2.0	3969.4	3.3	3961.0	4.3	3968.5	3.0	I	1989	
3957.2	2.6	3996.5	2.8	3997.7	3.8	3988.0	2.0	II		
3977.8	2.1	4029.0	3.3	4034.0	3.7	4006.5	1.9	III		
3998.5	2.1	4054.0	2.5	4071.9	3.8	4015.2	0.9	IV		
3818.3	2.8	3816.8	2.8	3815.7	2.8	3816.9	2.8	Annual	1987	
3897.1	2.1	3898.0	2.1	3887.0	1.9	3905.6	2.3	Annual	1988	
3966.4	1.8	4012.2	2.9	4016.2	3.3	3994.6	2.3	Annual	1989	
								Gross National Product deflator Index, 1982 = 100		
117.9	**3.4%**	**117.9**	**2.2%**	**117.9**	**2.2%**	**117.9**	**2.2%**	**III**	**1987**	**Actual**
118.5	1.9	118.9	3.5	118.9	3.4	118.7	2.7	IV		Forecast
119.4	3.1	119.8	2.9	119.7	2.7	120.0	4.4	I	1988	
120.4	3.4	120.7	3.0	120.6	2.9	121.0	3.4	II		
121.4	3.4	121.7	3.3	121.6	3.4	122.1	3.8	III		
122.4	3.3	122.8	3.7	122.6	3.3	123.2	3.4	IV		
123.5	3.6	124.1	4.4	123.7	3.8	124.4	3.9	I	1989	
124.7	4.0	125.4	4.2	124.9	3.8	125.6	3.9	II		
125.9	3.9	126.8	4.4	126.1	4.0	126.9	4.4	III		
127.1	3.9	128.1	4.4	127.4	4.0	128.5	5.0	IV		
117.4	2.9	117.5	3.0	117.5	3.0	117.5	3.0	Annual	1987	
120.9	3.0	121.2	3.2	121.1	3.1	121.6	3.5	Annual	1988	
125.3	3.6	126.1	4.0	125.5	3.6	126.3	3.9	Annual	1989	
								Unemployment Rate		
	6.0%		**6.0%**		**6.0%**		**6.0%**	**III**	**1987**	**Actual**
	6.0		5.9		5.9		5.9	IV		Forecast
	6.1		6.1		5.9		6.0	I	1988	
	6.3		6.3		6.0		6.1	II		
	6.6		6.3		6.0		6.1	III		
	6.5		6.3		6.0		6.2	IV		
	6.6		6.1		5.9		6.1	I	1989	
	6.5		6.1		5.8		6.1	II		
	6.6		6.0		5.6		6.2	III		
	6.6		6.0		5.5		6.3	IV		
	6.2		6.2		6.2		6.2	Annual	1987	
	6.4		6.3		6.0		6.1	Annual	1988	
	6.6		6.1		5.7		6.2	Annual	1989	

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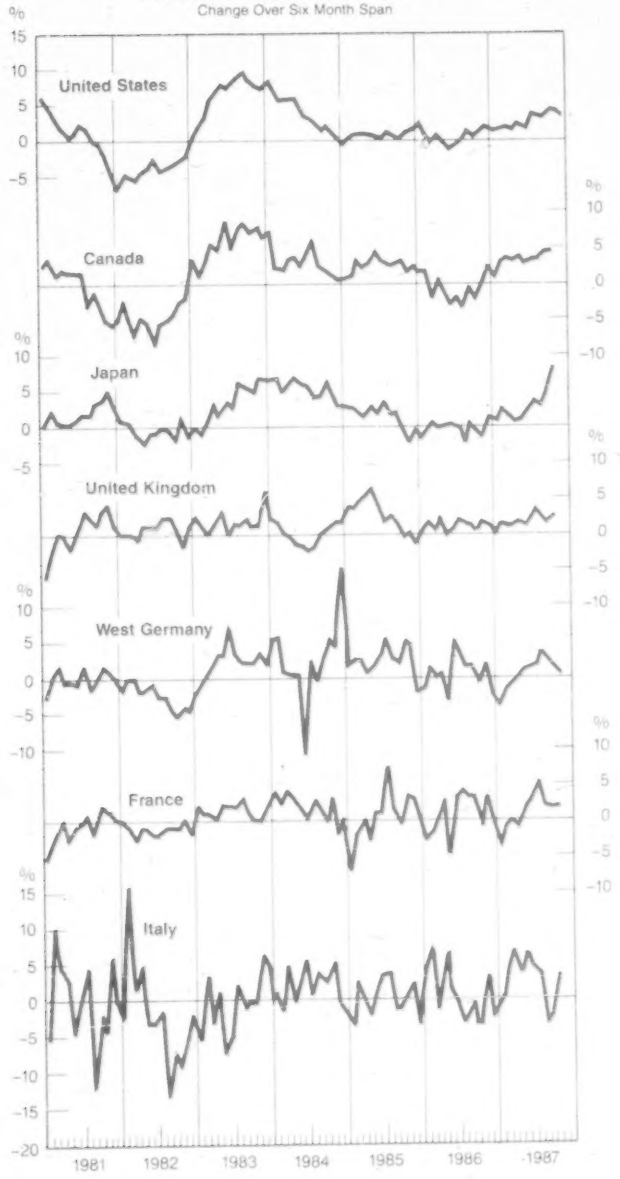
Selected International Comparisons

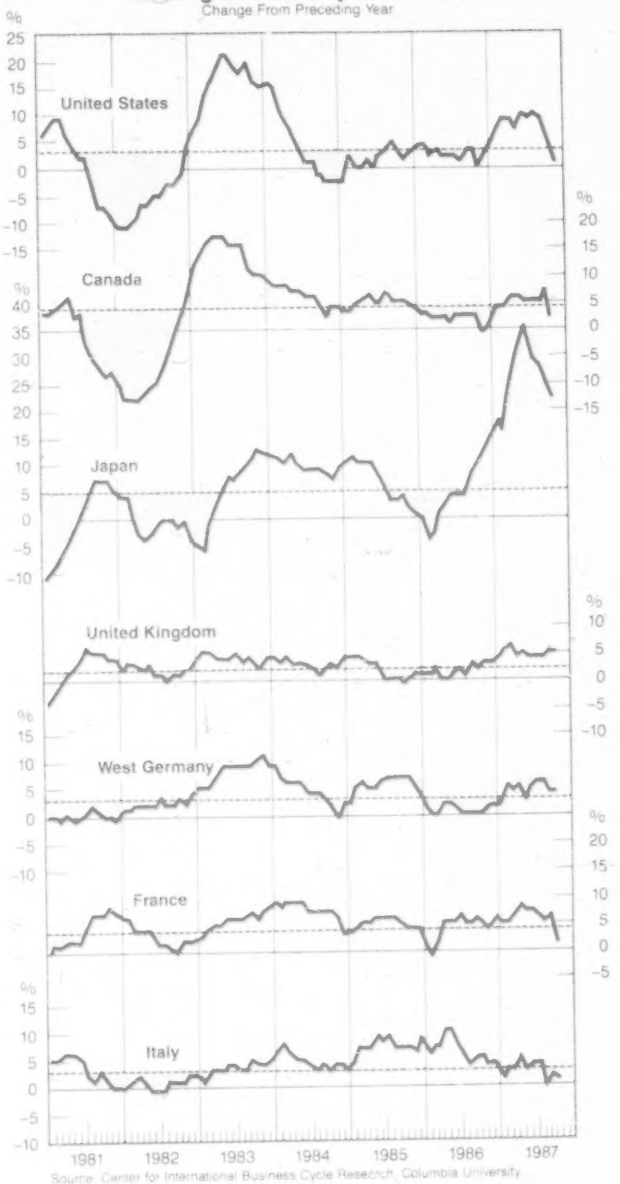
Industrial Production Indexes

Change Over Six Month Span



Leading Business Cycle Indexes

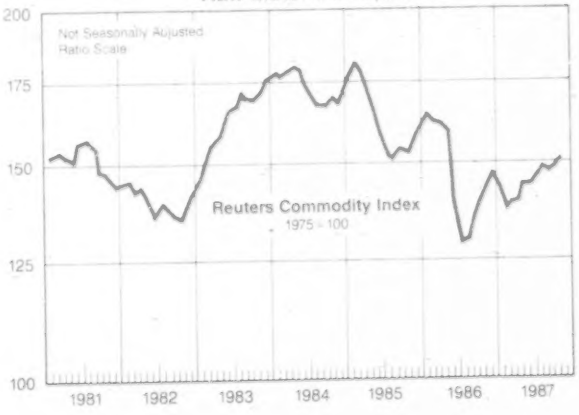
Change From Preceding Year



Source: Center for International Business Cycle Research, Columbia University

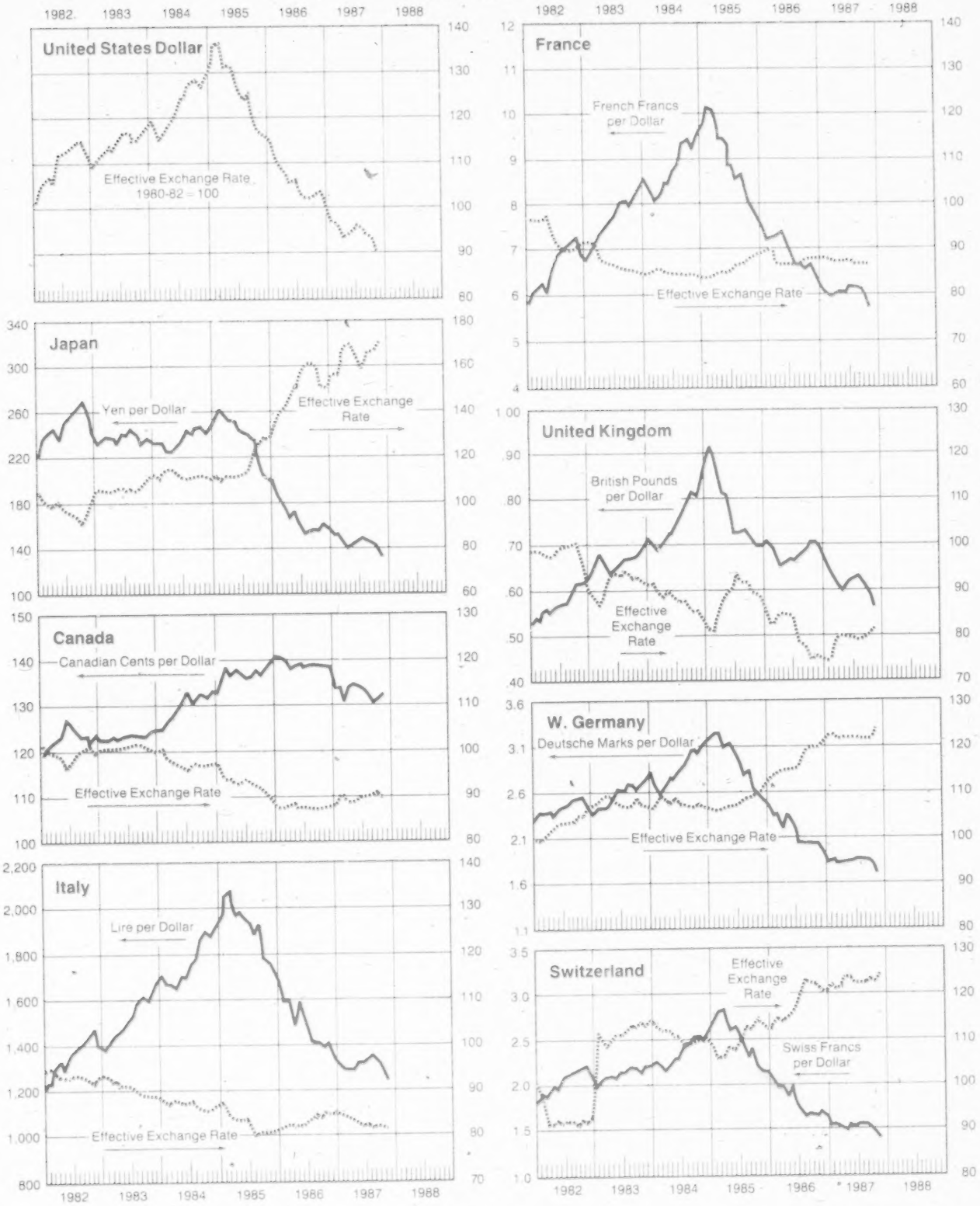
Merchandise Trade: Value of Exports

Raw Materials Prices



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates: Index numbers 1980-82 = 100. Each index shows a currency's trade-using averages weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

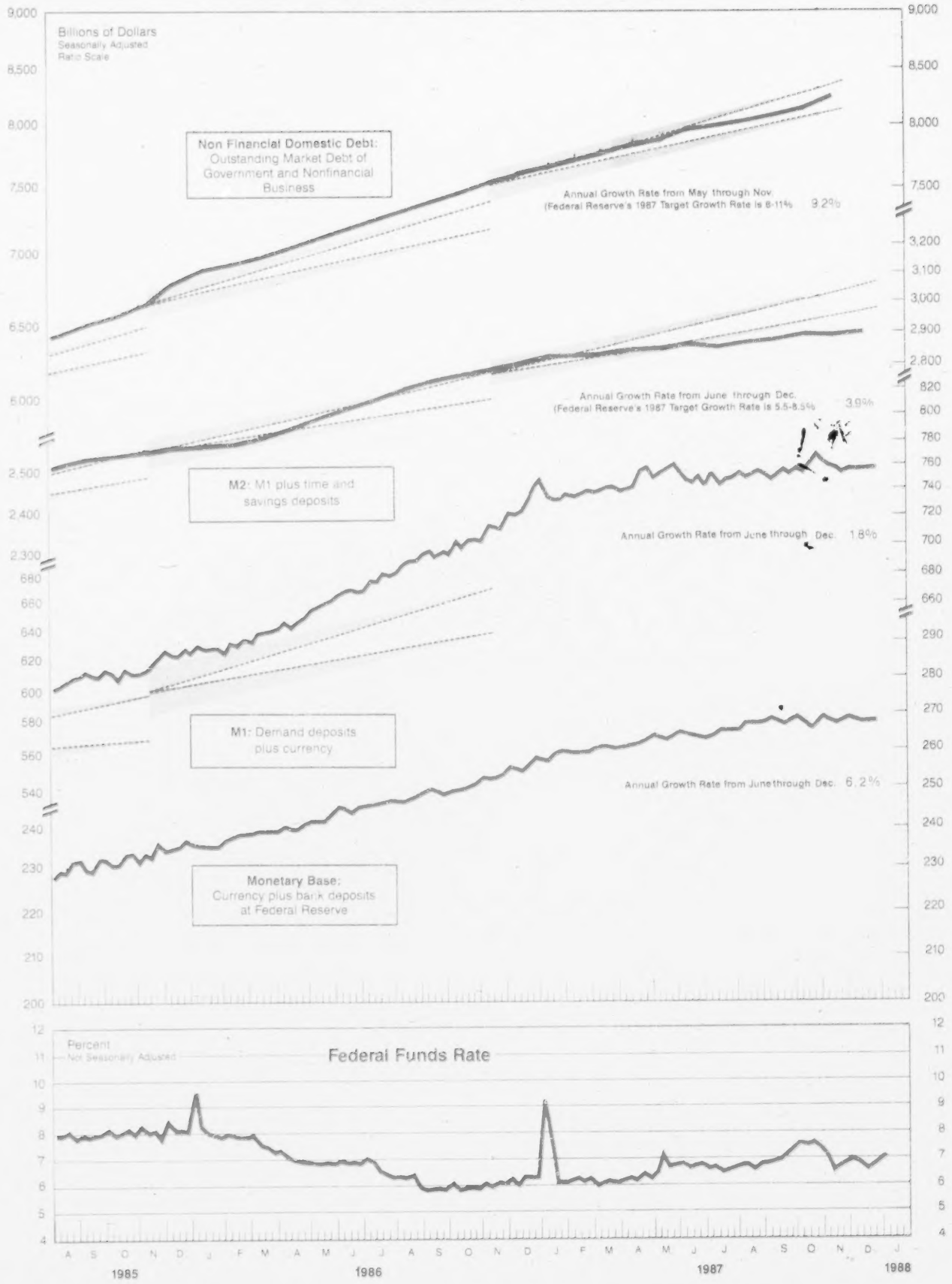
PERSPECTIVE ON THE FEDERAL BUDGET
(Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987	Fiscal 1988	
	Actual	Administration's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimate
		(8/17/87)	(8/17/87)	(6/17/87)
Receipts	**$769.1**	**$858.5**	**$909.0**	**$ 918.1**
Outlays	**989.8**	**1,016.9**	**1,032.3**	**1,055.5**
Deficit	**-220.7**	**-158.4**	**-123.3**	**-137.4**
Receipts by source	**$769.1**	**$858.5**	**$909.0**	**$ 918.1**
Individual income	349.0	392.8	396.1	
Social security	283.9	301.9	331.8	
Corporate income	63.1	89.6	105.4	
Other receipts	73.1	74.2	75.7	
Outlays by function	**$989.2**	**$1,016.9**	**$1,032.3**	**$1,055.5**
National defense	273.4	282.2	297.5	289.5
Social security	269.0	281.3	293.2	302.4
Income security	119.8	124.0	124.8	131.5
Health	35.9	40.3	40.9	44.9
Education & manpower	29.7	30.7	33.3	32.9
Veterans benefits	26.4	27.0	28.6	27.4
Transportation	28.1	27.6	26.3	28.3
Agriculture	31.4	29.0	21.2	28.6
International affairs	14.2	13.6	14.8	16.1
Natural resources	13.6	14.3	14.8	15.1
General science	9.0	9.6	11.6	11.1
Justice	6.6	8.2	9.3	9.4
General government	6.1	7.0	7.0	7.2
Community development	7.5	6.0	5.4	6.6
Commerce, Housing credit	4.4	8.5	7.5	7.8
Energy	4.7	3.7	3.4	4.6
Revenue sharing	6.4	1.6	1.5	1.8
Interest	136.0	139.6	144.7	139.3
Allowances	0.0	0.0	0.7	- 0.7
Offsetting receipts	- 33.0	- 37.2	- 45.3	- 47.9

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP				
Current Dollar	**$4,218**	**$4,491**	**$4,830**	**$4,779**
Constant (1982) Dollar	**3,681**	**3,811**	**3,936**	**3,898**
Percent change in				
Current dollar	5.5%	6.1%	7.5%	6.9%
Constant (1982) dollar	2.7	2.6	3.3	3.0
Implicit price index	2.8	3.3	4.1	3.8
Consumer price index	1.6	3.6	4.4	4.3
91-Day T bill rate	6.0	5.7	5.5	5.6
Unemployment rate	6.9	6.2	5.9	6.5

Money Supply and Monetary Growth Targets



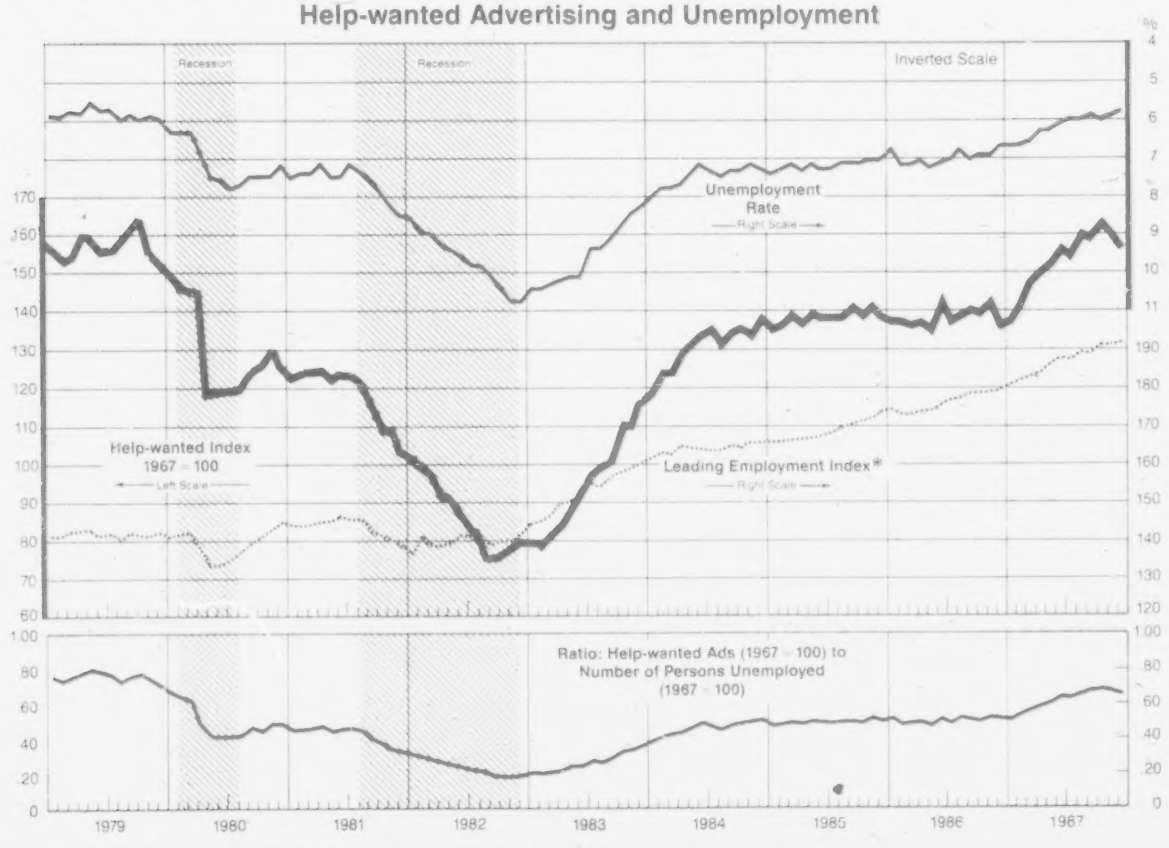
CONFERENCE BOARD HELP-WANTED ADVERTISING INDEX

Seasonally Adjusted Indexes, 1967 = 100

Locality	1987 Nov.	1987 Oct.	1987 Sep.	1986 Nov
National Index	160	163	159	143
New England	182	178	175	178
Boston	182	178	174	185
Hartford	192	189	184	183
Providence	171	170	171	150
Middle Atlantic	98	95	93	84
Albany	413	311	305	198
Allentown	329	382	392	306
New York	66	66	67	63
Philadelphia	86	81	77	75
Pittsburgh	101	93	90	89
Rochester	98	103	92	86
Syracuse	150	152	149	142
East North Central	105	106	104	96
Chicago	115	115	117	103
Cincinnati	164	165	160	151
Cleveland	70	69	64	64
Columbus	185	185	180	168
Dayton	89	90	86	84
Detroit	59	57	56	65
Gary	174	183	172	128
Indianapolis	115	115	115	106
Milwaukee	89	101	84	64
Toledo	132	131	136	122
West North Central	105	98	94	104
Kansas City	153	141	131	178
Minneapolis	95	89	89	84
Omaha	160	146	145	137
St. Louis	71	68	64	71
South Atlantic	220	239	221	203
Atlanta	293	279	283	266
Baltimore	219	350	265	243
Charlotte	218	209	208	176
Jacksonville	228	226	249	227
Miami	N.A.	159	153	101
Richmond	163	162	160	146
Washington, D.C.	N.A.	206	197	201
East South Central	179	191	191	154
Birmingham	174	179	186	160
Knoxville	306	297	296	224
Louisville	99	111	92	88
Memphis	143	150	143	122
Nashville	246	286	306	221
West South Central	175	170	168	156
Dallas	156	151	157	154
Houston	246	239	237	208
New Orleans	125	119	115	110
Oklahoma City	114	116	109	98
San Antonio	156	141	135	149
Tulsa	134	140	127	122
Mountain	336	322	312	291
Denver	210	218	209	179
Phoenix	481	450	433	445
Salt Lake City	375	342	343	292
Pacific	243	263	258	213
Los Angeles	180	172	173	155
Sacramento	470	488	481	417
San Bernadino	N.A.	322	316	257
San Diego	442	687	638	427
San Francisco	252	269	265	211
Seattle	250	246	244	221
Percentage of papers with rising volume	59	76	41	80
Unemployment rate	5.9	6	5.9	6.9

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).
r—revised N.A.—not available

Help-wanted Advertising and Unemployment



* Source: Center for International Business Cycle Research, Columbia University

CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1984	103.9	101.0	101.1	106.1	104.8	105.8	100.4	103.1	100.0	99.1	105.4	97.0
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8r	105.6p

Buying Plans Index

1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6
1987	98.9	93.1	98.7	89.7	113.4	94.5	96.0	96.5	108.7	104.9	102.5r	90.9p

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

p—preliminary

Consumer Confidence and Expectations

CBDB

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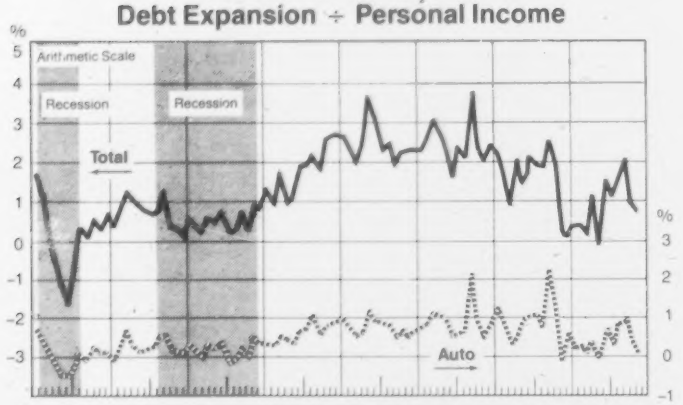
REVISED

Consumer Installment Debt Expansion ÷ Personal Income



Retail Sales

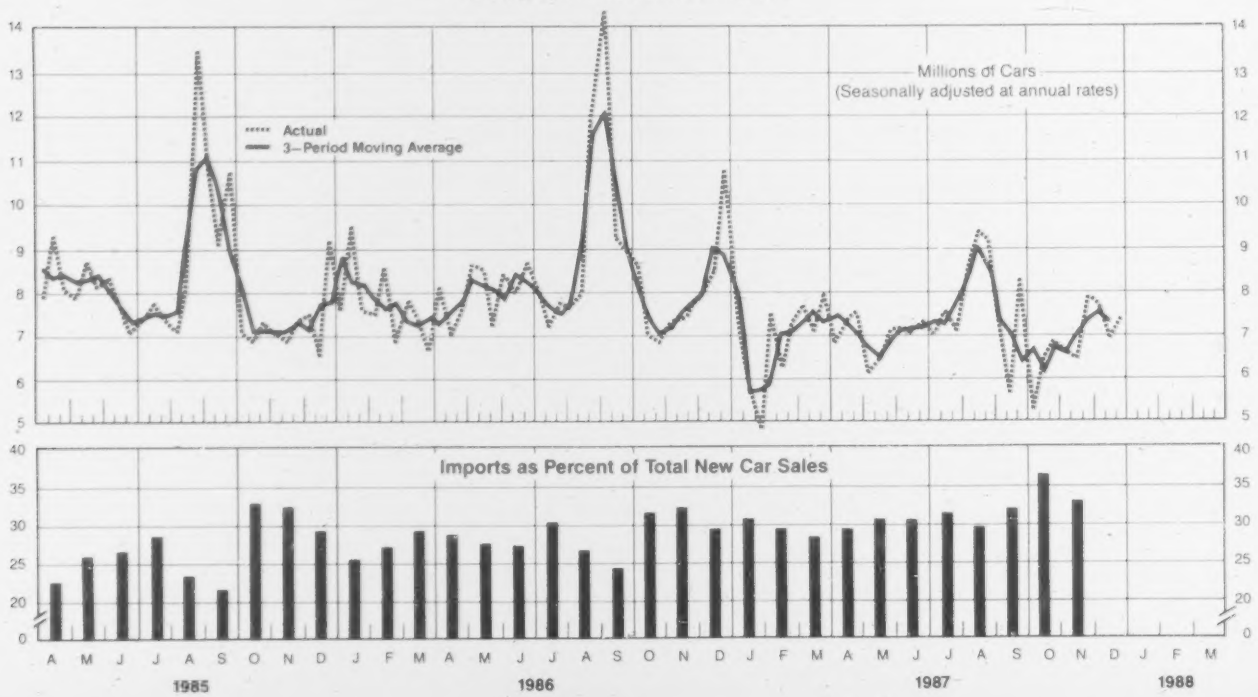
CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods		1984	1985	1986	1987
January:	1-10	8.16	8.23	7.61	7.42
	11-20	7.84	8.00	9.45	5.97
	21-31	9.15	7.77	7.57	3.80
February:	1-10	7.79	7.24	7.56	7.46
	11-20	9.17	7.70	8.55	6.34
	21-28(29)	7.60	9.17	6.80	7.28
March:	1-10	7.35	8.09	7.76	7.60
	11-20	8.13	8.90	7.37	7.08
	21-31	7.35	8.52	6.69	7.99
April:	1-10	8.88	7.87	8.09	6.87
	11-20	7.96	9.24	7.07	7.35
	21-30	8.60	8.03	7.55	7.57
May:	1-10	8.19	7.91	8.63	6.17
	11-20	7.74	8.76	8.56	6.43
	21-31	8.43	8.09	7.22	7.08
June:	1-10	7.22	8.33	8.40	7.14
	11-20	8.25	7.66	8.00	7.10
	21-30	8.10	7.08	8.60	7.27
July:	1-10	9.51	7.38	8.04	7.04
	11-20	8.32	7.75	7.15	7.54
	21-31	8.59	7.38	7.77	7.11
August:	1-10	7.33	7.11	7.63	8.55
	11-20	8.07	8.06	7.95	9.32
	21-31	7.43	13.41	11.80	9.15
September:	1-10	8.13	10.93	14.95	7.20
	11-20	8.52	9.10	9.25	5.71
	21-30	6.03	10.69	8.91	8.29
October:	1-10	7.83	7.01	8.60	5.25
	11-20	7.07	6.84	7.00	6.47
	21-31	7.70	7.32	6.88	6.86
November:	1-10	6.60	7.04	7.26	6.68
	11-20	8.44	6.88	7.39	6.44
	21-30	6.57	7.31	7.69	7.88
December:	1-10	8.75	7.49	7.88	7.72
	11-20	7.96	6.60	8.42	6.93
	21-31	8.19	9.12	10.71	7.33

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.

Domestic—Model Car Sales


Millions of Cars
(Seasonally adjusted at annual rates)
Actual
3–Period Moving Average
Imports as Percent of Total New Car Sales
A M J J A S O N D J F M A M J J A S O N D J F M A M J J A S O N D J F M
1985
1986
1987
1988